



GST ki गणित

Understanding Section 17(5) of CGST Act, 2017

Join our conversation today as two friends discuss the complexities behind section 17(5) of the CGST Act, 2017. Learn about the conditions and restrictions, along with possible implications of the act.



GOODS AND SERVICES TAX



JAIN SHRIMAL & CO.
Chartered Accountants

Meet the Friends



Chartered Accountant

An expert on all things tax-related, our chartered accountant friend will be breaking down section 17(5) of the CGST Act, 2017.



Business Owner

With a background in business, our second friend will be asking all the important questions. Follow along as they dive into the details of this complex tax law.

Hello Anuprav, How are you ?
Can you please explain if I
can take ITC on Repair &
Maintenance of my Ferrari ?

Hey Naman. I'm good.
To resolve your query, let
me explain Section 17(5) of
CGST Act,2017 which deals
with Blocked Credit.



Overview of Section 17(5)- block credit

Claim Limitations

Under the section, certain goods and services can be restricted or outright denied for input tax credit claims.

1

Section Purpose

Section 17(5) is intended to lay out clear guidelines for businesses and individuals claiming input tax credits.

2

3

Exceptions to the Rule

While there are some exceptions to the limitations, it's important for businesses to understand what goods and services may be impacted.

Conditions and Restrictions

ITC Limitation

ITC is available only on GST paid on goods and services used for business or furtherance of business.

Exceptions

ITC is not available for certain goods such as motor vehicles, food and beverages, and other items used for personal consumption.

Capital Goods

ITC cannot be claimed on certain capital goods like buildings or constructions made on one's own account.

B2B Transactions

ITC can only be claimed on business-to-business transactions.

Restrictions on ITC - Section 17(5)

Section 17(5) prohibits claiming of ITC on the following:-



Motor vehicles used for transportation of persons having seating capacity of less than thirteen persons (including the driver).



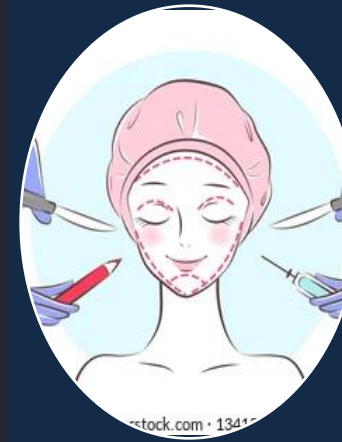
Vessels and Aircrafts.



Services of general insurance, servicing, repair and maintenance of the motor vehicles, aircrafts and vessels mentioned earlier.



Food and beverages and Outdoor Catering



Beauty treatment, Cosmetic & Plastic Surgery



Leasing, renting or hiring of motor vehicles, vessels or aircraft referred to earlier.



Health services



Life insurance and health insurance





Membership of a club, health and fitness centre



Travel benefits extended to employees (leave or home travel concessions)



Works contract services for construction of immovable property



Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

Goods or services on which tax has been paid u/s 10 (Composition Scheme)



Goods or services received by a Non-Resident Taxable Person



Goods or services received by a taxable person for construction of immovable property, on his own account



Goods or services used for personal consumption



Any tax paid in accordance with the provisions of sections 74, 129 and 130



Impact of Restrictions on Businesses

1 Impact on Small Businesses

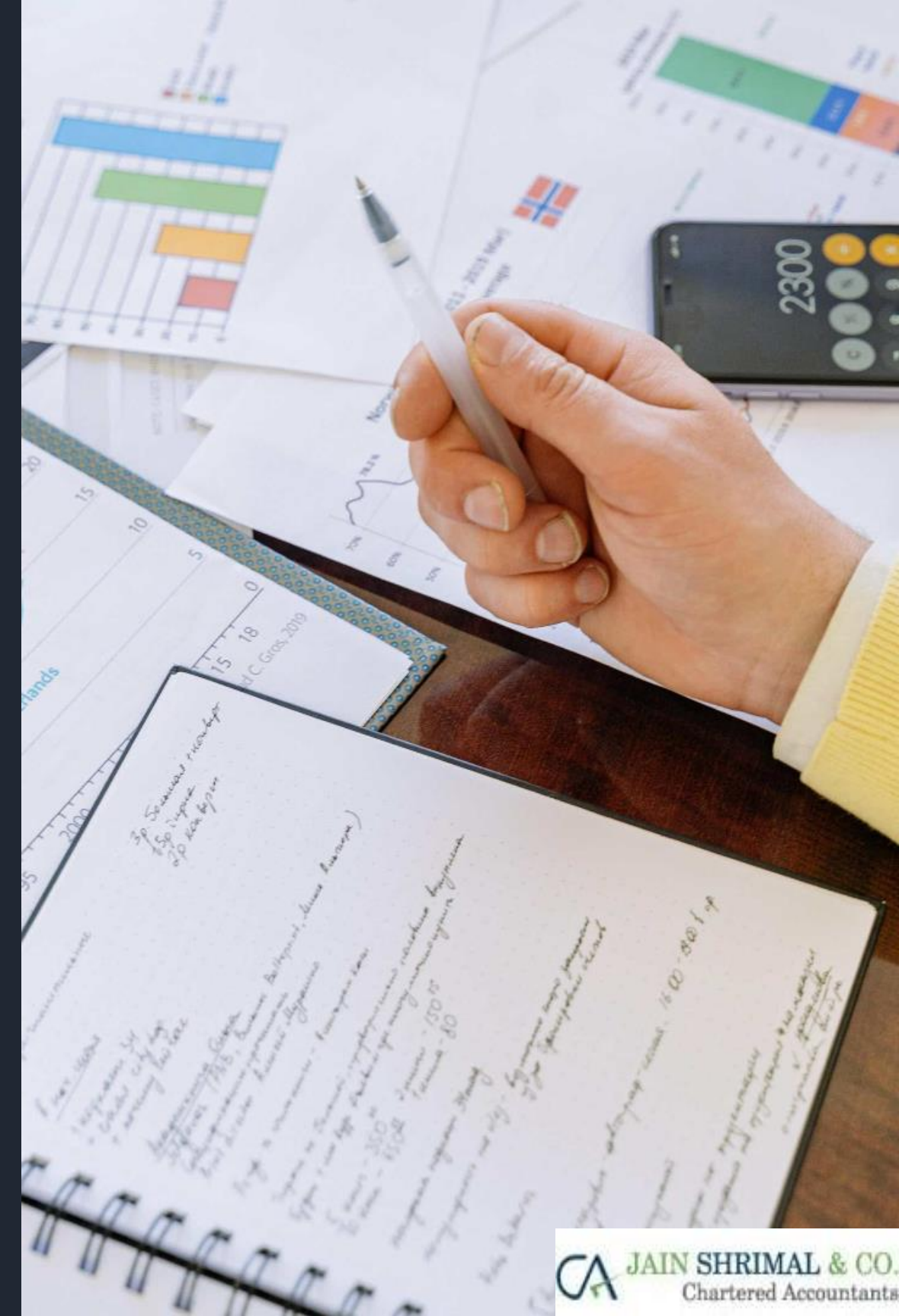
Smaller businesses may have a harder time navigating the complex rules and may be denied certain input tax credits.

3 Higher Compliance Costs

Complying with the CGST Act, 2017 will add to the already present compliance costs for businesses.

2 Increased Record Keeping

Businesses will need to keep more detailed records on what goods and services are being claimed for input tax credit.



Conclusion and Summary

So, that was all about section 17(5) of the CGST Act, 2017. I hope that it helped resolve your query and now you know that you cannot claim ITC on repair & maintenance of your Ferrari.

Absolutely! You made it so simple and easy for me. Now, I know all the goods and services on which I cannot claim ITC. Thank you very much for explaining it to me.



Disclaimer

- This presentation has been prepared on the basis of information available in the public domain and is intended for guidance purposes only.
- Jain Shrimal & Co. has taken reasonable care to ensure that the information in this presentation is accurate. It, however, accepts no legal responsibility for any consequential incidents that may arise from errors and omissions contained in this presentation.
- This presentation is based on the information available with us at the time of preparing the same, all of which are subject to changes which may, directly or indirectly, impact the information and statements given in this presentation.
- Neither Jain Shrimal & Co., nor any person associated with us will be responsible for any loss however sustained by any person or entity who relies on this presentation. Interested parties are strongly advised to examine their precise requirements for themselves, form their own judgements and seek appropriate professional advice.